

NEPCon Evaluation of BEPA Ltd Compliance with the SBP Framework: Public Summary Report

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Completed in accordance with the CB Public Summary Report Template Version 1.0

*For further information on the SBP Framework and to view the full set of documentation see
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Document history

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1 Overview

CB Name and contact: NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia

Primary contact for SBP: Ondrej Tarabus ot@nepcon.org, +420 606 730 382

Report completion date: 16/Aug/2017

Report authors: Nikolai Tochilov, Natalia Zaladinova

Certificate Holder: BEPA Ltd.
Russian Federation, Kaliningrad region 238210,
Gvardeisk, Stantsionnaya street, 3a.

Producer contact for SBP: Alexey Bondin, quality manager
Email: info@bepa.trade; tel.: +7 (4012) 60 50 10

Certified Supply Base: Sourcing from Russia, Krasnoyarsk Krai, Irkutsk, Arkhangelsk, Kirov regions,
Karelia Republic, Udmurtskaya Republic and Komi Republic

SBP Certificate Code: SBP-01-85

Date of certificate issue: 07/Sep/2017

Date of certificate expiry: 06/Sep/2022

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
☒	☐	☐	☐	☐

2 Scope of the evaluation and SBP certificate

The certificate scope covers the pellet production site and office in Gvardeisk, Kaliningrad region, Russia.

BP holds valid FSC CoC certificate

<http://info.fsc.org/details.php?id=a023300000aymfdAAA&type=certificate&return=certificate.php>

The input material used by the Organisation for biomass production contains secondary feedstock from the local FSC certified sawmill (Lesobalt)

<http://info.fsc.org/details.php?id=a0240000005solzAAA&type=certificate&return=certificate.php>

The secondary feedstock is delivered with FSC Mix Credit or FSC Controlled Wood claims (secondary feedstock supplier (Lesobalt) is fully responsible for implementation of the program of field verification of controlled material sources, and BP receives the feedstock already with FSC Controlled Wood claim). Non-certified and non-controlled feedstock was sourced in 2016, but since this assessment is not sourced any more. Pellets are delivered to Kaliningrad sea port (post-production end point/(point of sale) by truck and loaded to vessel.

Scope description: Production of wood pellets in Gvardeisk, Kaliningrad region, Russia, for use in energy production. Post production end point is Kaliningrad sea harbour (vessel FOB, Incoterms). The scope of the certificate does not include Supply Base Evaluation.

Scope of the evaluation is indicated in the table below:

Scope Item	Check all that apply to the Certificate Scope		Change in Scope (N/A for Assessments)
Approved Standards:	SBP Standard #2 V1.0; SBP Standard #4 V1.0; SBP Standard #5 V1.0 https://sbp-cert.org/documents		☐
Primary Activity:	Pellet producer		☐
Input Material Categories:	☐ SBP-Compliant Primary Feedstock	☒ SBP-Compliant Secondary Feedstock	☐
	☒ Controlled Feedstock (SBP-Controlled Secondary Feedstock)	☐ SBP non-Compliant Feedstock	
	☐ SBP-Compliant Tertiary biomass	☐ Post-consumer Tertiary Feedstock	

	☐ SBP-approved Recycled Claim	☐ Post-consumer Tertiary Feedstock			
Chain of custody system implemented:	☒ FSC	☐ PEFC	☐ SFI	☐ GGL	☐
	☐ Transfer	☐ Percentage	☒ Credit		☐
Points of sales	☐ Harbour – Permanent storage (Storage site)	☒ Harbour – Temporally storage (Logistic site)	☐ Other point of sale (e.g. gate of the BP, boarder, railway station etc.)		☐
Provide name of all points of sales	- - -	- Kaliningrad sea harbour (vessel FOB, Incoterms)	- - -		
Use of SBP claim:	☒ Yes		☐ No		☐
SBE Verification Program:	☐ Low risk sources only		☐ Sources with unspecified/ specified risk		☐
	New districts approved for SBP-Compliant inputs:				
Sub-scopes					☐
Specify SBP Product Groups added or removed:					
Comments:					

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of the production processes, production site visit;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis.

4 SBP Standards utilised

4.1 SBP Standards utilised

Verification of SBP-compliant Feedstock, SBP Standard 2, Version 1.0, March 2015

Chain of Custody, SBP Standard 4, Version 1.0, March 2015

Collection and Communication of Data, SBP Standard 5, Version 1.0, March 2015, accompanied by Instructions 5A, 5B, 5C, Version 1.1 October 2016

Standards and instructions are available at SBP homepage: <https://sbp-cert.org/documents>

4.2 SBP-endorsed Regional Risk Assessment

Not applicable

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

BP is a pellet producer located in Gvardeisk, Kaliningrad region of Russia. Total annual production capacity of pellet plant is 52000 tones. BP holds valid FSC CoC certificate, all inputs of secondary feedstock are having either FSC Mix Credit or FSC Controlled Wood claims. BP uses credit system of FSC claims for pellet production and sales. Final product is delivered by truck to Kaliningrad sea port and loaded to vessel.

The pellet plant has been commissioned in October 2015.

5.2 Description of Biomass Producer's Supply Base

BP purchases the secondary feedstock from the sole supplier, a primary processor with FSC certificate. The supplier in its turn purchases raw materials (both FSC certified and controlled material) from the Udmurt Republic, Komi Republic and Karelia, Krasnoyarsk Region, Arkhangelsk Region, Irkutsk Region, Kirov Region and potentially other regions of the Russian Federation, hence the description of the resource base comprises Russia as a whole.

The total area of FSC forest land on the territory of the Russian Federation is 764 million hectares, accounting for about 21% of world reserves of standing timber. Forests are mainly boreal and they cover 46.6% of the area of the Russian Federation. The main wood species are pine, spruce, birch, aspen. Areas occupied by the main wood species remain rather stable within last decades. Hardwood (deciduous) species comprise 68.4%, softwood (coniferous) – 21,7% (2,4% - heard-leaved and 19,3% - hardwood broadleaved). Other wood species comprise less than 1% of forests. The cutting area in the RF comprises about 660 mln.m3, incl. softwood (coniferous) – 370 mln.m3.

The total reserve of the wood in the forests located on forest fund land is 80 billion m3 which is sufficient to provide with feedstock the developed added-value wood processing industry in Russia.

In accordance with Russian legislation all forest fund lands are state property. Legal entities can use forest areas in lease and short-term use. Lease relations are the dominant legal form of forest use. The lease term may continue up to 49 years. Entrance into a lease agreement or sale contract on forest plantations is carried out at the auction for sale of the right to enter into such agreements. Forest areas for a lease are subject to state expertise and cadastral registration. According to the Forest Code of the Russian Federation each forest user taking a lease forest land obliges:

- to carry out the activities on protection and reproduction of forests;
- to submit annual forest declaration;
- to issue a project of forest assimilation;
- to provide a report on the use of forests, their protection and reproduction.

High quality reproduction of forest resources and protective forestation is a prerequisite for use of forests. All reforestation activities in leased forest areas are planned and carried out by forest users at their own expense in accordance with forest management projects. The main way of reforestation is procurement of natural regeneration by reserving strong new-growth while cutting and providing insemination sources and land cultivation for better

vegetation. Besides, all forest users plan and implement a number of fire-prevention measures aimed at preventing and reducing after-effects of forest fires in the summer period.

According to the forest legislation of the Russian Federation, the species listed in the Red Book shall be preserved as well as their habitats when harvesting. Harvesting of precious, extinct and specially protected wood species is banned.

Consumers of forest products at sensitive and expanding markets require from their suppliers to refuse from participation in harvesting of forest products of dubious origin, as well their processing or marketing.

The dynamics of forest certification in Russia points to an ever-increasing activity of wood companies, which indicates to the responsibility to ensure the legality of the wood harvested and compliance with environmental and social requirements of the FSC.

The companies certified by the FSC and companies included into the programme for verifying controlled suppliers, guarantee to the supplier that the wood was not cut in a virgin forest or that no species protected by CITES or IUCN were cut, not rights of any indigenous minorities or employees were violated. This is confirmed by yearly audits carried out by certification bodies.

Contemporary spacial structure of Russian economy is determined by physiographic factors and lasting historical legacy: huge territory and its peripheral location in Eurasia, severe climate and underpopulation on the most part of the territory, spacial gaps between concentrations of natural resources, population and production. Many features of contemporary territorial structure of Russian economy are determined by natural, geographic and historical peculiarities of its development, which include:

Until the late 1980s an active policy of changing location of the country production forces was pursued, which resulted in large-scale natural resources development in peripheral regions and general shift of production forces East- and Northwards, industrialization and urbanization of lagging agricultural regions, set up of new transport communications.

Wood, the waste left after processing of which is supplied to BP, is mainly purchased in Eastern regions of the country (Siberia) and North of the European part of Russia, where logging and wood processing companies are abundant. Furthermore, there are many enterprises mining natural resources.

The territory, where the enterprise is located, the Kaliningrad Region, is an enclave. Its wood resources are scarce, so raw materials are supplied from different remote regions of Russia.

The sole supplier of the feedstock for BP obtains wood products from its 22 suppliers, among which 15 companies have no FSC certificate, 7 companies have FSC certificate.

For the reporting period 01.01.2016 – 31.12.2016:

Controlled Feedstock - 41,17% (FSC Controlled Wood), 1 Secondary Feedstock supplier

SBP-compliant Primary Feedstock - 0%

SBP-compliant Secondary Feedstock - 11,1% (FSC Mix Credit), 1 Secondary Feedstock supplier

SBP-compliant Tertiary Feedstock - 0%

SBP non-compliant Feedstock - 47,72%, 1 Secondary Feedstock supplier

Species scientific name: *Pinus sylvestris*, *Larix sibirica*

More detailed information about BP's supply base can be found in Supply Base Report available at BP's website:

<http://www.bepatrade.com/about1-c1tbv>

<http://www.bepatrade.com/news>

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	764 mln ha (Cumulative area of Boreal forests in Russia)
Tenure by type (ha):	public (state owned) 100%
Forest by type (ha):	boreal 100%
Forest by management type (ha):	managed natural 764 mln ha
Certified forest by scheme (ha):	43,5 mln ha FSC-certified forest

5.4 Chain of Custody system

BP holds valid FSC CoC certificate, all inputs of secondary feedstock are having either FSC Mix Credit or FSC Controlled Wood claims. Incoming secondary feedstock is sourced from the only one FSC certified sawmill located in Kaliningrad, Russia. BP uses credit system of FSC claims for pellet production and sales. Non-certified and non-controlled feedstock was sourced in 2016, but since this assessment is not sourced any more.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on May 18-19, 2017 (12 h). Assessment activities included documents review at office, inspection of production facilities and staff interviews.

Activity	Location	Date/time
Opening meeting	Office at Gvardeisk	18/05/2017 09.00-09.30
Documents and procedures review. Inputs review, energy use calculations review,	Office at Gvardeisk	18/05/2017 09:30-15.00
Inspection of the secondary feedstock supplier Lesobalt LLC	Office and production site at Kaliningrad	18/05/2017 17:00
Chain of custody review (site tour); interview with the chief of pellet production and other relevant staff	Pellet production site in Gvardeisk	19/05/2017 09:00 – 11:00
Documents and procedures review	Office at Gvardeisk	19/05/2017 11:00 – 17:00
Closing meeting*	Office at Gvardeisk	19/05/2017 17:00 – 17.30

6.2 Description of evaluation activities

Composition of audit team:

Auditor(s), roles	Qualifications
Nikolai Tochilov	NEPCon SBP lead auditor. He has successfully passed SBP auditor training in Tallinn in January 2015; previous experience with more than 20 SBP assessments and annual audits in Russia.

The assessment visit was focused on management system evaluation: division of the responsibilities, document and system, input material classification (reception and registration), analysis of the existing FSC system and FSC system control points as well as GHG data availability.

Description of the assessment evaluation:

All SBP related documentation connected to the SBP as well as FSC CoC system of the organisation, including SBP Procedure, SAR, SBP Profiling data and Supply Base Report and FSC system description was provided by the company at the beginning of the assessment. Audit started with an opening meeting attended by the SBP responsible person and the management of the organization.

Auditor introduced himself, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified certification scope. During the opening meeting the auditor explained CB's approval related issues.

After that auditor went through all applicable requirements of the SBP standards nr.2, 4, 5 and instruction documents 5a, 5b, 5c covering input clarification, existing chain of custody system, management system, CoC, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP compliant and controlled biomass. During the process overall responsible person for SBP system and other staff were interviewed.

After a roundtrip around BP's pellet production was undertaken. During the site tour, reception process was observed, applicable records were reviewed, staff was interviewed and FSC system critical control points were analysed.

During the assessment, auditor also inspected the BP's supplier of the secondary feedstock (Lesobalt LLC) office and production site at Kaliningrad.

At the end of the audit finding were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the management and SBP responsible person.

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here: <http://www.nepcon.org/impartiality-policy>

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on February 10, 2017 by sending direct email to different stakeholder categories. The announcement was also published at NEPCon homepage

No comments from the stakeholders were received.

7 Results

7.1 Main strengths and weaknesses

Strength: Use of the FSC credit system. Effective recordkeeping system. Clearly designated responsibilities within the staff members.

Weaknesses: See NCRs below in this report.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Compilation of data on Greenhouse Gas emissions

The BP has involved external consultant who helped with implementation of the system for collection of the emission and energy data. Energy use data are based on actual production results.

7.4 Competency of involved personnel

The SBP responsible person was supported by external consultant who was closely involved in preparation of internal procedures and helping to set up the management system. The SBP responsible staff has shown good understanding of the requirements in relation to SBP certification and of the FSC CoC system. The following positions of the staff are involved into the SBP system management: quality manager (certification responsible), chiefs of production shift, accountant, H&S specialist.

7.5 Stakeholder feedback

No feedback from stakeholders have been received.

7.6 Preconditions

None

8 Review of Biomass Producer's Risk Assessments

Not applicable.

9 Review of Biomass Producer's mitigation measures

Not applicable.

10 Non-conformities and observations

NCR: 01/17	NC Classification: minor / незначительное
Standard & Requirement:	SBP Standard # 2 requirement 2C 4.1
Description of Non-conformance and Related Evidence:	
The following mistakes identified in Supply Base Report: Russian version - Section 1 gives reference to the old Instruction 5A, version 1.0 - Section 2.5 d does not include area in ha or % - Numbering of sections is incorrect starting from section 2.5 f English version - Wrong starting date of the reporting period (01.02.2016) is specified in section 2.1 - Through the whole report company's name is written in different ways - разному – BEPA Ltd, BEPA ООО, ООО "VERA", whereas in FSC public database company's name is specified as BEPA LTD ("BEPA" LTD) - Section 2.3 is filled out, whereas it is not applicable - Section 2.5 d does not include area in ha or % - Section 2.5 i includes the names of the tree species for the primary feedstock (pine, larch), although it is not applicable. В отчете о ресурсной базе выявлены следующие замечания: Русская версия - в разделе 1 дана ссылка на устаревшую инструкцию 5А, версия 1.0. - в разделе 2.5 d не указана площадь или процент - в разделе 2.5 сбилась нумерация пунктов, начиная с пункта f Английская версия: - в разделе 2.1 указано неверное начало отчетного периода – с 01.02.2016. - по всему тексту отчета название компании указано по-разному – BEPA Ltd, BEPA ООО, ООО "VERA", в то время, как в базе данных держателей сертификатов FSC компания указана как BEPA LTD ("BEPA" LTD). - заполнен раздел 2.3, хотя он не применим - в разделе 2.5 d не указана площадь или процент - в разделе 2.5 i указаны древесные породы первичного сырья (сосна, лиственница), хотя это не применимо.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit, but not later than 12 months from report finalisation date / К следующему ежегодному аудиту, но не позднее 12 месяцев с момента финализации отчета
Evidence Provided by Organisation:	Supply Base Report (Russian and English versions) / Отчет о ресурсной базе (на русском и английском языках)

Findings for Evaluation of Evidence:	Prior to report finalisation BP addressed the mistakes and submitted updated versions of Supply Base Report. / До финализации данного отчета Организация исправила ошибки и предоставила обновленные версии отчета о ресурсной базе.
NCR Status:	CLOSED / ЗАКРЫТО

NCR: 02/17	NC Classification: MAJOR / ЗНАЧИТЕЛЬНОЕ
Standard & Requirement:	SBP Standard # 2 requirement 15.3
Description of Non-conformance and Related Evidence:	
The following significant mistakes identified in SBP procedure: - Reference to the out-of-date documents (Biomass Profiling Information, Batch Specific Data) is given in sections 8.3 and 8.4 - Through the whole document the claim SBP-controlled biomass is mentioned several times. However in section 9.3 (performance of the documents during pellets sale, only SBP-compliant biomass claim is specified. Therefore it is unclear if BP intends to sell the pellets with SBP-controlled biomass claim or not. Furthermore, section 10.3 contains wrong claim in English language – COMPLAINT instead of COMPLIANT. Следующие существенные замечания выявлены в Руководстве по системе SBP (письменной процедуре SBP): - разделы 8.3 и 8.4 – дается ссылка на устаревшие документы (Biomass Profiling Information, Batch Specific Data) - хотя по тексту документа неоднократно упоминается заявление SBP-controlled biomass, в разделе 9.3 (оформление документов при реализации пеллет) указано только заявление SBP-compliant biomass. Неясно, намеревается ли все же компания продавать пеллеты с заявлением SBP-controlled biomass, или нет. Более того, в разделе 10.3 заявление на английском языке и вовсе указано неправильно – COMPLAINT вместо COMPLIANT.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to certification / До выдачи сертификата
Evidence Provided by Organisation:	SBP procedure / Процедура SBP
Findings for Evaluation of Evidence:	Prior to report finalisation BP addressed the mistakes and submitted updated version of SBP procedure. / До финализации данного отчета Организация исправила ошибки и предоставила обновленную версию процедуры SBP.
NCR Status:	CLOSED / ЗАКРЫТО

Please list of the non-conformities which are likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?

Note: use NCR numbers: see NCRs 01/17 and 02/17.

11 Certification decision

Based on Organisation's conformance with SBP requirements , the auditor makes the following recommendation:	
☒	Certification approved: Upon acceptance of NCR(s) issued above
☐	Certification not approved:
Based on auditor's recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision: The Biomass Producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after NEPCon will obtain the approval from SBP technical committee. The expiration of the certificate will be then 5 years.	
Certification decision by: Oļesja Puišo	
Date of decision: 16.08.2017	
Next surveillance audit should take place:	☒ within 12 months ☐ more frequently (please specify)

12 Surveillance updates

12.1 Evaluation details

Not applicable.

12.2 Significant changes

Not applicable.

12.3 Follow-up on outstanding non-conformities

Not applicable.

12.4 New non-conformities

Not applicable.

12.5 Stakeholder feedback

Not applicable.

12.6 Conditions for continuing certification

Not applicable.

12.7 Certification recommendation

Not applicable.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Alexey Bondin, quality manager
Auditor(s):	Nikolai Tochilov
People Interviewed, Titles:	Alexey Bondin, quality manager Uldis Zurilo, external consultant, Lodret SIA Alexander Radzikhovskiy, chief technologist of Lesobalt (secondary feedstock supplier) Jonas Davidavichus, production director Igor Pushenkov, H&S specialist Tatiana Polyakova, accountant Alexey Belets, chief of the production shift
Brief Overview of Audit Process for this Location:	Please see section 6.2 of the report above
Comments:	-